

The Influence of Financial Literacy, Accounting Knowledge, and Fintech Usage on MSME Performance in Batam City

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Abstract

This study aims to analyze the influence of financial literacy, accounting knowledge, and fintech usage on MSME performance in Batam City. Using a quantitative research approach, data were collected from 856 MSMEs across 4 sub-districts (Batu Aji, Bengkong, Batam Kota, and Lubuk Baja), with a sample of 100 MSMEs selected through simple random sampling. The analysis results indicate that the variables of financial literacy, accounting knowledge, and fintech usage significantly influence MSME performance both simultaneously and partially. These findings suggest that enhancing financial literacy, accounting knowledge, and fintech adoption can improve MSME performance in Batam.

Keywords: Accounting Knowledge, Financial Literacy, Fintech, MSMEs Performance

INTRODUCTION

Indonesia is undergoing a transformation towards an increasingly complex economy, where Micro, Small, and Medium Enterprises (MSMEs) play a crucial role as the backbone in reducing unemployment and supporting socio-economic stability. According to data from the Ministry of Cooperatives and SMEs, MSMEs can absorb 97% of the workforce due to their large labor reserves, accounting for about 61% of the total national workforce. Currently, the government continues to strive to improve MSME performance to compete with products from other countries, as MSME actors must also enhance their performance for business sustainability.

Based on data from the Indonesian Chamber of Commerce and Industry (Kadin), the development of MSME actors in recent years shows fluctuating changes, starting from 2018 when the number of MSME actors reached 64.19 million, then increasing by 1.98% in 2019 to 65.47 million. However, at the end of 2019, the COVID-19 pandemic negatively impacted MSMEs, causing growth to decline by 2.24% to 64 million from 2019 to 2020. This was due to a significant decrease in income, putting many MSMEs at risk of bankruptcy. According to a press release from the Coordinating Ministry for Economic Affairs of the Republic of Indonesia in 2021 regarding "Government Support for MSMEs to Recover During the Pandemic" (Limanseto, 2021), the majority of MSMEs (82.9%) felt the negative impact of the pandemic, with only a small portion (5.9%) experiencing positive growth.

By 2023, MSMEs have gradually recovered, with an increase in the growth of MSME actors and their contribution to Indonesia's Gross Domestic Product (GDP) reaching IDR 9,580 trillion (Riyadi & Hadyarti, 2024). The fluctuating number of MSMEs indicates serious challenges regarding sustainability and competitiveness amid changing global conditions. This situation demands that MSMEs adapt and improve their performance more carefully and strategically. Future challenges for MSMEs must be addressed by considering innovation and technology, as well as deep financial literacy and knowledge among MSME actors (Narsa, 2024)

Batam City is a center for MSME growth in the Riau Islands and has a significant contribution to regional economic development. According to data from the Riau Islands Cooperative and SME Office, the number of MSME actors in the province reached 146,638 business units in 2023, with Batam contributing 75,064 (51%) of the total MSMEs in the province. This number has rapidly developed since two years after the COVID-19 pandemic. The existence of MSMEs in Batam not only creates jobs but also drives the local economy, especially in the trade, culinary, creative industry, and services sectors (Vnews, 2023).

The rapid growth of MSMEs in Batam is indeed a positive indicator for local economic development. However, on the other hand, there are common issues faced by MSMEs regarding marketing and capital. According to an article from (Batampos, 2025) titled “Dominated by the Culinary Sector, MSMEs in Batam Reach 75 Thousand, Absorb 156 Thousand Workers,” despite the continuous growth of MSMEs in Batam, limited financing remains a significant challenge for MSME actors. In this context, there is a close relationship between capital limitations and the level of utilization of financial technology (fintech), financial literacy, and accounting knowledge. These three factors are crucial in determining how well MSMEs can manage limited capital and seek alternative sources of financing for their business sustainability.

Performance is the result of work achieved with available economic resources, both financial and non-financial (Fadilah et al., 2022). Performance is an assessment of achieving goals as a determinant of the effectiveness of a business's sustainability, conducted periodically based on established criteria and targets. According to a journal researched by Khadijah & Purba (2021), MSME owners in Batam often encounter difficulties in financial management. The challenges include difficulties in financial reporting, a lack of knowledge in financial statements, and challenges in financial management.

Based on an article from Antara (2024) titled “OJK Kepri Increases Financial Literacy Index for MSME Actors,” the main issue highlighted is that MSMEs struggle to access capital through formal financial service institutions due to the lack of adequate financial records, making it difficult for formal financing to assess the feasibility of their businesses. Field facts show that many MSME actors still face difficulties in accessing capital, both from formal financial institutions like banks and non-formal sources. One of the main causes of this barrier is low financial literacy. A lack of understanding regarding credit application procedures, administrative requirements, the preparation of financial statements needed by financial institutions, and loan repayment planning makes MSMEs appear less bankable to lenders.

In the framework of sustainable economic development, a strong understanding of financial management provides MSME actors with the ability to make more accurate investment decisions and maximize the use of available resources. This ability not only enhances the financial stability of the business but also supports the development of innovation in various operational aspects. Additionally, financial literacy enables business owners to be more prudent in exploring financial markets, obtaining access to business capital, and managing financial structures more efficiently. With this knowledge, MSMEs have the potential not only to survive in challenging market situations but also to continue innovating and growing sustainably (Narsa, 2024).

Previous research by Prasetyo & Farida (2022) found that financial literacy does not influence MSME performance, while research by Rahmawati et al., (2023) found that financial literacy has a positive influence on MSME performance.

A lack of accounting knowledge can also be a problem faced by MSMEs. An article from (Mimbar, 2023) titled “The Cooperative and Micro Business Office Holds Accounting and Financial Management Training for Cooperatives' Managers and Supervisors in Batam City” highlights the importance of accounting and financial management training. The Head of the Cooperative and Micro Business Office provided information regarding the importance of accounting and cooperative management training to improve accountability and professionalism in management and reporting. This issue indicates the need for accounting knowledge among MSMEs to support more efficient and accurate financial management.

Business actors need to be aware of the importance of accounting knowledge in understanding and utilizing good accounting information to improve MSME performance. The accuracy of decision-making depends on the accuracy of the information presented, which is derived from the good accounting knowledge of MSME actors. The lower the accounting knowledge of the owner, the greater the risk of business failure. Good accounting knowledge enables MSME actors to accurately record financial transactions, manage accurate financial reports, and optimize business decisions. Accounting knowledge is essential for creating good and

accurate financial reports in strategic and efficient financial decision-making for business sustainability (Agus Suyono & Zuhri, 2022).

Previous research that produced a positive influence, both significantly and partially, on MSME performance was conducted by (Agus Suyono & Zuhri, 2022), while research by (Prasetyo & Farida, 2022) did not yield a positive influence on MSME performance.

Technological developments have brought about innovations in financial services utilizing digital technology in the form of software known as financial technology or Fintech. Fintech services provide ease of access and use of financial services. The goal of Fintech is to make life easier for people and facilitate transactions and access to various financial products. The emergence of Fintech can enhance the reach of financial services, providing funds more easily and efficiently, allowing business actors to gain profits.

Fintech services offer opportunities for the development of MSME performance by providing digital payment services, financing, and financial management. However, behind this significant potential, the use of fintech by MSMEs in Batam still faces challenges in its utilization. According to a news article by Ikhsan (2022) titled shows a real case where a clothing store in One Batam Mall suffered significant losses due to payment using a fake QRIS by a buyer. This fraud not only caused direct financial losses but could also create a phenomenon that worries business actors about misuse or fraud that could lead to losses or a decline in their operational performance. The trust of business actors in using fintech decreases, which in turn can hinder operations and create fear in accepting digital transactions due to limited payment methods. This phenomenon ultimately leads to a lack of interest among MSMEs in using fintech, even though the potential for fintech use is significant in enhancing their profitability (Rivaldi & Dinaroe, 2022).

Based on the above description, the researcher is interested in choosing the title for this research: "The Influence of Financial Literacy, Accounting Knowledge, and Fintech Usage on MSME Performance in Batam City"

METHOD

The methods section of this research employs a quantitative approach, with primary data collected directly through a questionnaire distributed via Google Forms. The research process begins with identifying, defining, and formulating the problem, followed by developing theories/concepts and a framework of thought. Next, hypotheses are stated, data is collected, analyzed, and conclusions are drawn. The study population consists of 856 Micro, Small, and Medium Enterprises (MSMEs) registered with the Dinas UKM Batam, located in four districts: Batu Aji, Bengkong, Batam Kota, and Lubuk Baja. From this population, a sample of 100 was selected using simple random sampling to ensure representativeness. The questionnaire utilized a Likert scale to measure respondents' attitudes and perceptions regarding variables affecting MSME performance. The collected data were then analyzed using SPSS version 29, employing multiple linear regression analysis to identify the relationships between independent variables and MSME performance.

RESULTS AND DISCUSSION

Validity Test

In this study, a sample of 100 respondents was used to determine the critical value (r_{table}). The research utilized an effectiveness parameter based on a significance level (α) of 5% and degrees of freedom (df) calculated as $(N-2 = 100-2 = 98)$, which corresponds to a r_{table} value of 0.1966. In the results of the test, it was concluded that the calculated correlation coefficient (r_{hitung}) is greater than the r_{table} , indicating that the findings are valid.

Table 1. Validity Test Results

Variable	Item	r_{hitung}	r_{table}	Information
MSME Performance (Y)	Y1	0.767	0.1966	Valid
	Y2	0.746	0.1966	Valid
	Y3	0.629	0.1966	Valid

	Y4	0.712	0.1966	Valid
	Y5	0.680	0.1966	Valid
	Y6	0.689	0.1966	Valid
	Y7	0.710	0.1966	Valid
	Y8	0.735	0.1966	Valid
	X1.1	0.772	0.1966	Valid
	X1.2	0.737	0.1966	Valid
	X1.3	0.764	0.1966	Valid
	X1.4	0.756	0.1966	Valid
	X1.5	0.761	0.1966	Valid
	X1.6	0.724	0.1966	Valid
	X1.7	0.775	0.1966	Valid
Financial Literacy (X1)	X1.8	0.778	0.1966	Valid
	X2.1	0.762	0.1966	Valid
	X2.2	0.795	0.1966	Valid
	X2.3	0.763	0.1966	Valid
	X2.4	0.698	0.1966	Valid
	X2.5	0.764	0.1966	Valid
Accounting Knowledge (X2)	X2.6	0.767	0.1966	Valid
	X3.1	0.788	0.1966	Valid
	X3.2	0.755	0.1966	Valid
	X3.3	0.776	0.1966	Valid
	X3.4	0.742	0.1966	Valid
	X3.5	0.720	0.1966	Valid
	X3.6	0.743	0.1966	Valid
	X3.7	0.778	0.1966	Valid
	X3.8	0.765	0.1966	Valid
	X3.9	0.794	0.1966	Valid
Fintech (X3)	X3.10	0.780	0.1966	Valid

Source: Processed data, 2025

ReliabilityTest

Reliability testing is employed to assess whether a statement or question responded to by participants can be considered reliable. If Cronbach's Alpha exceeds 0.6, the instrument is deemed reliable.

Table 2. Reliability Test Results

Variabel	Cronbach's Alpha	Criteria	Information
MSME Performance (Y)	0.891	0.60	Reliable
Financial Literacy (X1)	0.894	0.60	Reliable
Accounting Knowledge (X2)	0.852	0.60	Reliable
Fintech (X3)	0.920	0.60	Reliable

Source: SPSS 29 Processed data, 2025

Based on the data presented, it can be concluded that the Cronbach's Alpha values for each variable are higher than the established threshold of 0.60. Therefore, the data utilized in this study are considered reliable.

Normality Test

To determine whether the data within a variable is normally distributed, a statistical method known as the normality test is required. A dataset is considered to be normally distributed if the values within the sample are symmetrically spread, following a bell-shaped curve. The Kolmogorov-Smirnov test is commonly used for this purpose. The decision rule states that if the significance value (Sig.) is greater than 0.05, the data is regarded as normally distributed. Conversely, if the Sig. value is less than 0.05, the data is considered not to be normally distributed. Additionally, the normality test can be supported by visualizations such as histograms or P-P plots.

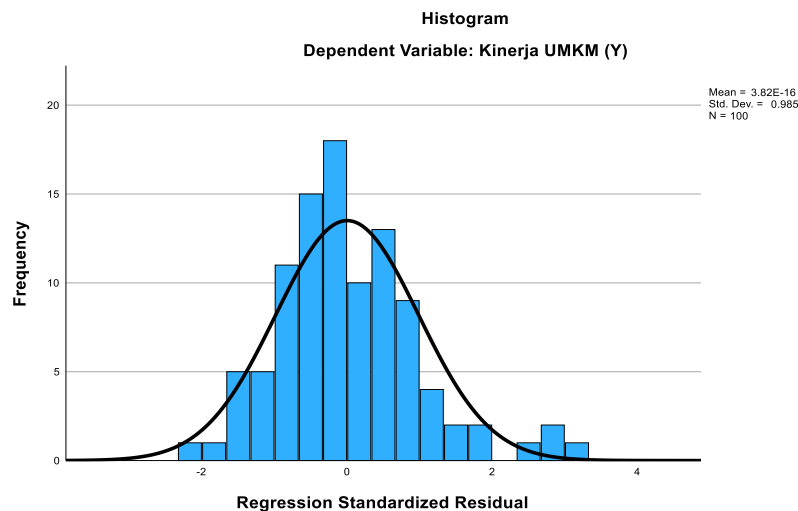


Figure 1. Histogram Regression Residuals
Source: SPSS 29 Processed data, 2025

Based on the histogram of the Regression Standardized Residual for the variable of MSME Performance (Y), it is evident that the distribution of residuals approximates a normal curve, characterized by a peak around the value of 0 and a relatively symmetric spread of data on both the left and right sides. The mean value is very close to zero (3.82E-16), and the standard deviation is near 1 (0.985), indicating that the residuals are distributed in a reasonable and normal manner.

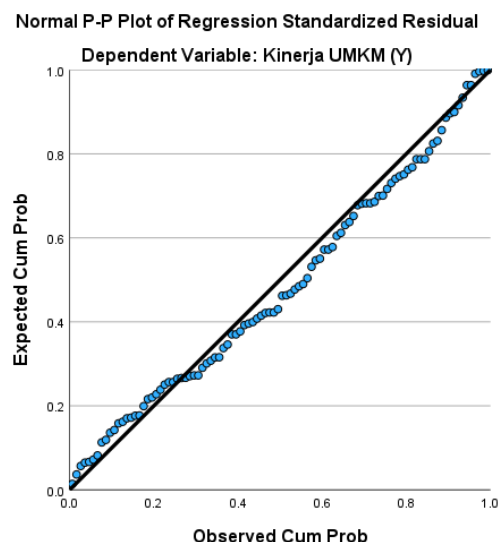


Figure 2. Normal PP Plot
Source: SPSS 29 Processed data, 2025

Furthermore, the Normal P-P Plot of the Regression Standardized Residual for the dependent variable of MSME Performance (Y) reveals that the data points are closely clustered

and align well with the diagonal line (normal line). This observation suggests that the residuals from the regression model are normally distributed.

Table 3. One-Sample Kolmogorov-Smirnov Results

One-Sample Kolmogorov-Smirnov Test			Unstandardized Residual
N			100
Normal Parameters ^{a,b}	Mean		.0000000
	Std. Deviation		1.22196994
Most Extreme Differences	Absolute		.071
	Positive		.071
	Negative		-.044
Test Statistic			.071
Asymp. Sig. (2-tailed) ^c			.200 ^d

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

e. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 957002199.

Source: SPSS 29 Processed data, 2025

Based on the output of the One-Sample Kolmogorov-Smirnov Test, the significance value (Asymp. Sig. 2-tailed) is found to be 0.200. This value exceeds the significance level of 0.05, leading to the conclusion that the residual data is normally distributed.

Heteroscedasticity Test

The heteroscedasticity test is conducted to determine whether the variance of residuals in the regression model is constant. The assumption of homoscedasticity must be satisfied for the regression results to be valid and efficient. If this assumption is violated and heteroscedasticity occurs, the regression estimates may become inefficient and misleading for decision-making. Therefore, testing for heteroscedasticity is a crucial step in ensuring the validity of the regression model employed in this study. Heteroscedasticity can be assessed by examining the pattern of data points in a scatterplot, and it can be further supported by statistical tests such as the Glejser test, where a significance value greater than 0.05 (Sig. > 0.05) indicates the absence of heteroscedasticity.

Table 4. Heteroscedasticity Test Results
Coefficients^a

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.563	.576		2.714	.008
	Financial Literacy (X1)	-.068	.047	-.431	-1.451	.150
	Accounting Knowledge (X2)	.025	.057	.111	.437	.663
	Fintech (X3)	.025	.040	.201	.639	.524

a. Dependent Variable: ABS_RES

Based on the results of the heteroscedasticity test using the Glejser method, the significance values (Sig.) for the variables Financial Literacy (X1) = 0.150, Accounting Knowledge (X2) = 0.663, and Fintech (X3) = 0.524 were obtained. Since all significance values exceed 0.05, it

can be concluded that heteroscedasticity is not present in the regression model. Thus, the regression model satisfies the assumption of equal variances (homoscedasticity).

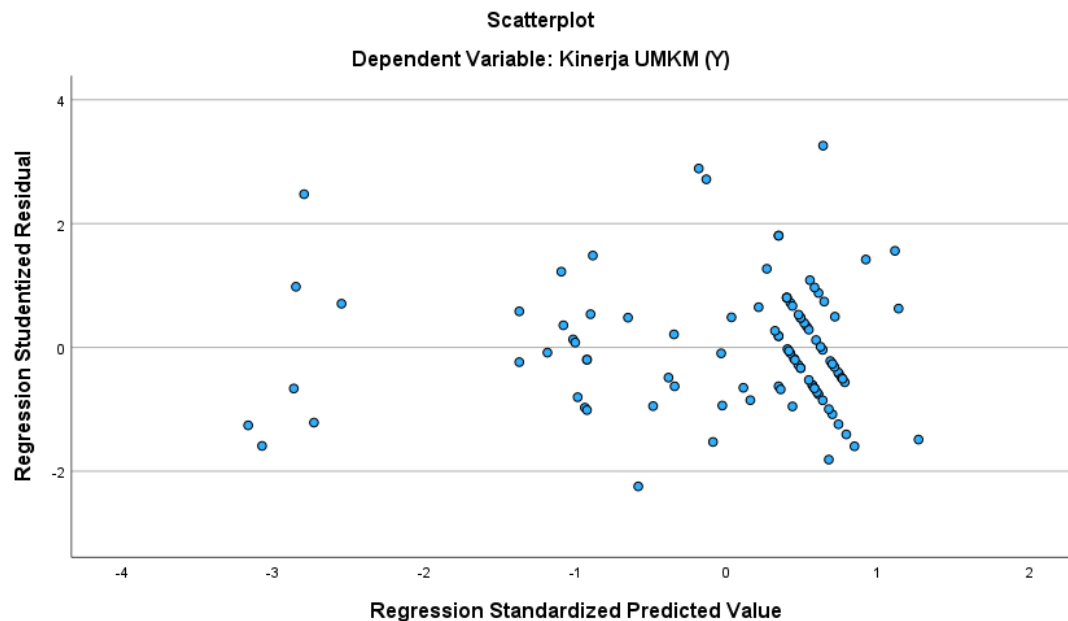


Figure 3. Scatterplot Test Results
Source: SPSS 29 Processed data, 2025

Based on the residual scatterplot generated from the regression analysis of the dependent variable MSME Performance, it is observed that the distribution of residual points is random and does not exhibit any specific pattern. This observation indicates that the regression model does not encounter issues of heteroscedasticity, as the residuals are evenly distributed around the zero line without forming a curved pattern or spreading in a funnel shape.

Multicollinearity Test

Table 5. Multicollinearity Test Results

Coefficients ^a			
		Collinearity Statistics	
Model		Tolerance	VIF
1	Financial Literacy (X1)	0.114	8.747
	Accounting Knowledge (X2)	0.157	6.378
	Fintech (X3)	0.102	9.823

a. Dependent Variable: MSME Performance (Y)

Source: SPSS 29 Processed data, 2025

The results of the multicollinearity test indicate that the Tolerance values for all independent variables are above 0.10, and the Variance Inflation Factor (VIF) values remain below 10. Specifically, the values are as follows: Financial Literacy (Tolerance = 0.114; VIF = 8.747), Accounting Knowledge (Tolerance = 0.157; VIF = 6.378), and Fintech (Tolerance = 0.102; VIF = 9.823). Although the VIF values are close to the upper limit, they still fall within the acceptable tolerance range. Therefore, it can be concluded that the regression model does not exhibit signs of multicollinearity.

Multiple Linear Regression Analysis

Table 6. Multiple Linear Regression Analysis Results

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	1.729	0.928		1.864	0.065
	Financial Literacy (X1)	0.340	0.075	0.368	4.519	<0.001
	Accounting Knowledge (X2)	0.400	0.091	0.305	4.384	<0.001
	Fintech (X3)	0.236	0.064	0.320	3.705	<0.001

a. Dependent Variable: MSME Performance (Y)

Source: SPSS 29 Processed data, 2025

Based on the table above, the results of the coefficient analysis for each variable indicate that the coefficient for Financial Literacy (X1) is 0.340, the coefficient for Accounting Knowledge (X2) is 0.400, and the coefficient for Fintech (X3) is 0.236, with a constant value of 1.729. Given these results, the equation for the multiple regression model can be expressed as follows:

$$Y = 1,729 + 0,340X_1 + 0,400X_2 + 0,236X_3 + e$$

This equation indicates that the variables Financial Literacy (X₁), Accounting Knowledge (X₂), and Fintech Usage (X₃) have a positive impact on MSME Performance (Y). Specifically, an increase of one unit in Financial Literacy is associated with an increase of 0.340 units in MSME Performance. Similarly, a one-unit increase in Accounting Knowledge results in an increase of 0.400 units in MSME Performance, while a one-unit increase in Fintech Usage leads to an increase of 0.236 units in MSME Performance, assuming that other variables remain constant.

Based on the regression model equation, it can be concluded that increases in Financial Literacy, Accounting Knowledge, and Fintech Usage will positively influence the performance of MSMEs in Batam City.

t-Test (Partial)

Table 7. t-Test Results Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	1.729	0.928		1.864	0.065
	Financial Literacy (X1)	0.340	0.075	0.368	4.519	<0.001
	Accounting Knowledge (X2)	0.400	0.091	0.305	4.384	<0.001
	Fintech (X3)	0.236	0.064	0.320	3.705	<0.001

a. Dependent Variable: MSME Performance (Y)

Source: SPSS 29 Processed data, 2025

Based on the table presented above, the following conclusions can be drawn:

1. The variable Financial Literacy (X1) has a significance value of 0.001, which is less than 0.05, and a t-statistic of 4.519, which exceeds the t-table value of 1.98498. Therefore, it can be concluded that the null hypothesis (H₀) is rejected and the alternative hypothesis (H₁) is

- accepted. This indicates that Financial Literacy has a significant positive effect on the performance of MSMEs in Batam City.
2. The variable Accounting Knowledge (X2) has a significance value of 0.001, which is also less than 0.05, and a t-statistic of 4.384, which is greater than the t-table value of 1.98498. Consequently, the null hypothesis (H_0) is rejected and the alternative hypothesis (H_1) is accepted. This suggests that Accounting Knowledge significantly and positively influences the performance of MSMEs in Batam City.
 3. The variable Fintech (X3) has a significance value of 0.001, which is less than 0.05, and a t-statistic of 3.705, which exceeds the t-table value of 1.98498. Thus, the null hypothesis (H_0) is rejected and the alternative hypothesis (H_1) is accepted. This indicates that Fintech has a significant positive impact on the performance of MSMEs in Batam City.

F Test (Simultaneous)

To calculate the F-table value, the formula used is $Df1 = (k - 1) = (3 - 1) = 2$. Subsequently, $Df2$ is calculated as $n - k = (100 - 3) = 97$, where k represents the total number of variables and n denotes the total sample size, using a significance level (α) of 5% or 0.05. This results in an F-table value of 3.09.

Table 8. F Test Results

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1886.332	3	628.777	408.331	<.001 ^b
	Residual	147.828	96	1.540		
	Total	2034.160	99			

a. Dependent Variable: MSME Performance (Y)

Source: SPSS 29 Processed data, 2025

According to the presented table, the calculated F-value is 408.331, with a significance level of < 0.001. Therefore, since the calculated F-value exceeds the F-table value ($408.331 > 3.09$) and the significance level is less than 0.05 ($< 0.001 < 0.05$), it can be concluded that the null hypothesis (H_0) is rejected and the alternative hypothesis (H_1) is accepted. Thus, there is a significant simultaneous effect of the independent variables on the dependent variable. Consequently, the hypothesis stating that Financial Literacy, Accounting Knowledge, and Fintech influence the performance of MSMEs in Batam City is supported.

Coefficient of Determination

Table 9. Coefficient of Determination Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.963 ^a	.927	.925	1.241

a. Predictors: (Constant), Fintech (X3), Accounting Knowledge (X2), Financial Literacy (X1)

Source: SPSS 29 Processed data, 2025

Based on the table presented above, the R Square value obtained is 0.927, indicating that 92.7% of the variability in MSME Performance (Y) can be explained by the three independent variables: Financial Literacy (X1), Accounting Knowledge (X2), and Fintech (X3). Meanwhile, the remaining 7.3% is attributed to other variables not included in this model.

DISCUSSION

1. Based on the research findings, the variable Financial Literacy has been shown to have a significant partial effect, with a significance value of 0.001, which is less than 0.05, and a t-statistic of 4.519, exceeding the t-table value of 1.98498. Therefore, it can be concluded that Financial Literacy positively and significantly influences the performance of MSMEs in Batam City. The results indicate that effective financial literacy aids MSME actors in managing cash flow, making investment decisions, and avoiding unnecessary financial risks. Consequently, a strong understanding of financial aspects is a crucial factor in promoting the efficiency and sustainability of small and medium enterprises. These findings align with previous studies conducted by (Agus Suyono & Zuhri, 2022), (Fadilah et al., 2022), (Martin & Neni Marlina Br. Purba, 2024), and (Rahmawati et al., 2023), which also demonstrate that Financial Literacy impacts MSME performance.
2. The analysis and tests conducted indicate that the variable Accounting Knowledge significantly affects MSME performance, both partially and simultaneously, with a significance value of 0.001, which is less than 0.05, and a t-statistic of 4.384, which is greater than the t-table value of 1.98498. It can be concluded that Accounting Knowledge has a positive and significant effect on the performance of MSMEs in Batam City. The results suggest that the influence of Accounting Knowledge arises from MSME actors believing that a solid understanding of accounting enables them to plan finances, present financial reports effectively, evaluate performance, and make informed financial decisions for the future. These findings are consistent with research conducted by (Agus Suyono & Zuhri, 2022), (Prasetyo & Farida, 2022), and (Setiawati et al., 2021), which indicate that Accounting Knowledge affects MSME performance in Batam City.
3. Based on the research findings, the variable Fintech has been shown to have a significant partial effect, with a significance value of 0.001, which is less than 0.05, and a t-statistic of 3.705, exceeding the t-table value of 1.98498. Therefore, it can be concluded that the use of Fintech positively and significantly influences the performance of MSMEs in Batam City. Thus, it can be concluded that the utilization of technology-based financial services (Fintech) significantly contributes to enhancing the performance of MSME actors. The adoption of Fintech allows business operators to more easily access financial services such as digital payments, loans, and efficient financial management, thereby supporting business operations and increasing productivity and competitiveness of MSMEs in the digital era. These findings are in line with studies conducted by (Fadilah et al., 2022; Mulyanti & Nurhayati, 2022; Rohmah et al., 2022; Simorangkir & Ruzikna, 2024) which demonstrate a positive influence of Fintech on MSME performance.
4. The results of the F-test conducted in this study indicate that Financial Literacy, Accounting Knowledge, and Fintech usage significantly influence MSME performance simultaneously in Batam City. Referring to the F-test results, where the calculated F-value is 408.331 with a significance level of < 0.001 , which is greater than the F-table value of 3.09, and the significance level is less than 0.05 ($< 0.001 < 0.05$), it can be concluded that Financial Literacy, Accounting Knowledge, and Fintech usage collectively influence the performance of MSMEs in Batam City. The three variables studied significantly impact the performance of Micro, Small, and Medium Enterprises (MSMEs) in Batam City. First, a high level of financial understanding among business actors enhances their ability to avoid financial risks and manage capital efficiently, leading to improved business performance. Second, accounting knowledge is crucial for MSME operators in preparing accurate and transparent financial reports, resulting in more structured management and increased efficiency and profitability. Third, financial technology (fintech) provides MSMEs with easier access to services such as digital payments, online loans, and investments. This

technology facilitates quick transactions, expands market access, and strengthens financial record-keeping, enabling MSMEs to adapt better to market changes and improve their competitiveness in the digital era.

CONCLUSION

Based on the findings and data analysis, it can be concluded that financial literacy, accounting knowledge, and the use of fintech significantly influence the performance of Micro, Small, and Medium Enterprises (MSMEs) in Batam City. Specifically, financial literacy positively contributes to MSME actors' ability to manage financial risks and capital, while accounting knowledge supports the preparation of accurate and transparent financial reports, thereby enhancing efficiency and profitability. Additionally, the use of fintech provides easier access to financial services, accelerates transactions, and expands market reach. Collectively, these three variables interact to improve MSME performance. Therefore, it is recommended that future research explore other factors that may also impact performance, and that MSME actors continue to enhance their financial literacy and accounting knowledge. Furthermore, the government and relevant agencies are encouraged to provide intensive training on financial and fintech aspects, while financial institutions and fintech startups should develop educational and accessible services to support the stronger and more structured growth of MSMEs.

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